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TO RUEHC/SECSTATE WASHDC 0702
INFO RUEHAC/AMEMBASSY ASUNCION 6130
RUEHBO/AMEMBASSY BOGOTA 3447
RUEHBR/AMEMBASSY BRASILIA 7305
RUEHBW/AMEMBASSY BUENOS AIRES 4567
RUEHCV/AMEMBASSY CARACAS 1824
RUEHPE/AMEMBASSY LIMA 1864
RUEHLO/AMEMBASSY LONDON 0086
RUEHMD/AMEMBASSY MADRID 3138
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TAGS: EAIR ECON PGOV BL
SUBJECT: LLOYD AEREO BOLIVIANO: FINDING ITS WINGS?

REF: LA PAZ 1923 AND PREVIOUS

¶1. (SBU) Summary: Lloyd Aereo Boliviano executives say the company may be finding its wings, as the firm has boosted its five-jet fleet with two leased aircraft and is gradually identifying and settling debts. Despite this good news, the outlook is far from certain. Rumors of interest from a UK Virgin Islands-based firm may be little more than smoke and mirrors. End summary.

¶2. (SBU) Lloyd Aereo Boliviano executives say the company may be finding its wings. According to Board President David Lozano, the firm has boosted its five-jet fleet with two leased aircraft, once again providing service to domestic and international destinations. Lozano told Econoff September 23 that executives are working to identify and settle outstanding debts - estimated at tens of millions of dollars - and expect to gradually agree payment plans with creditors. Lloyd General Manager Franklin Taendler spoke optimistically of the company's future September 27, noting that the firm has settled debts to its previous insurer and secured aircraft insurance through a new company.

¶3. (SBU) Despite this good news, the outlook for the company remains unclear. Lozano expressed skepticism over airline employees' early August attempt to transfer shares inherited from the company's former chief executive, Ernesto Asbun, to Trans-Atlantic Aviation, Ltd., a UK Virgin Islands firm with alleged interest in leasing aircraft to Lloyd. According to Lozano, the firm has been unable to prove its legitimacy, repeatedly delaying the presentation of registration documents. Lozano told Econoff he doubted the transaction would yield concrete results.

¶4. (SBU) Comment: Lloyd's future may look rosier than it has in months, but its recovery is far from assured. Rumors of interested foreign investors surface periodically and quickly disappear. If past claims of salvation are any indication,

Trans-Atlantic Aviation's interest may be nothing more than
smoke and mirrors. End comment.

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